Government have made a profit of Rs. 3880/- crores by imposing various burdens on the people in the name of implementing the Fifth Central Pay Commission's recommendations;

(b) if so, the details thereof; and

(c) the reaction of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (c) The accounts of the Government are not maintained on commercial basis and therefore, the concept of profit does not apply. The Government finances its expenditure through tax and non-tax revenues and non-debt capital receipts and the excess of expenditure over these resources is financed through borrowings and other liabilities from various sources. As a result of several post budget developments including the Government's decision on the recommendations of the Fifth Pay Commission, Government has taken certain decisions to mobilise additional resources through customs duties, foreign travel tax and disinvestment and also to curtail expenditure by imposing a 5% cut in non-plan expenditure (excluding salaries, interest, defence, subsidies and transfers to States/UTs) and a 5% cut in Central Plan expenditure (excluding externally aided projects).

Frauds in Public Sector Banks

692. SHRI RAJ NATH SINGH:
PROF. RAM KAPSE:

Will the Minister of FINANCE be pleased to state:

(a) details of the frauds detected in Public Sector banks during the last three years ending March, 1997, bank-wise;

(b) the amount involved in these banks, bank-wise;

(c) the reasons for the frauds;

(d) the action taken by Government for recovery of the amounts as well as against the persons responsible; and

(e) the amounts recovered so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (e) The bank-wise details of frauds detected in public sector banks during the years, 1994-95, 1995-96 & 1996-97 and amounts involved therein are given in the annexure *See* Appendix 182, Annexure No. 11. The main causes of frauds in banks have been laxity in observance of laid down systems and procedures by the operational/supervisory staff, overconfidence reposed by the banks in their constituents, unscrupulous elements (employees, constituents and others) taking advantage of the laxity in the controls and other time-tested safeguards. The banks generally have some securities to cover the advances made by them. Banks also file civil and criminal suits and seek appropriate reliefs. Besides, banks take insurance cover. In the case of fraudulent encashment of instruments where the fraudsters are known to have transferred the amounts to other banks, the concerned banks are advised not to allow withdrawals. In some cases amounts are also recovered from delinquent staff. The help of CBI/Police is also taken in locating the funds siphoned off by fraudsters and its recovery. The information in respect of recoveries made by banks from time to time, is not centrally compiled by Reserve Bank of India.

As regards action against Officials for their involvement in frauds, besides departmental action, banks report the cases of frauds to CBI/Police for investigation and prosecution of the officials as well as outsiders involved in the fraud. Druing the last three years viz. 1994, 1995 and 1996, 129 employees were convicted and major/minor penalties were inflicted on 3615 employees *including dismissal, discharge/removal of* 992 employees.